

## Message Text

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67

ACTION ARA-20

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-03

INR-11 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SP-03

CIEP-02 LAB-06 SIL-01 OMB-01 NSC-07 SS-20 STR-08

CEA-02 PA-04 PRS-01 USIA-15 DRC-01 /157 W

----- 124830

R 152000Z JUL 74

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 4474

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

LIMITED OFFICIAL USE BRASILIA 5213

E. O. 11652: N/A

TAGS: EFIN, ECON, BR

SUBJECT: INFLATION IN JUNE CONTINUES DOWNWARD

REF: BRASILIA 4349

1. ACCORDING TO THE GETULIO VARGAS FOUNDATION, THE GUANABARA COST-OF-LIVING INDEX IN JUNE WENT UP BY 1.7 PERCENT, THE LOWEST MONTHLY INCREASE SO FAR THIS YEAR. THE CUMULATIVE INCREASE THROUGH JUNE WAS 20.8 PERCENT AS COMPARED WITH 12.5 PERCENT FOR THE FIRST HALF OF 1973.

2. MAJOR FACTOR CONTRIBUTING TO THE COST-OF-LIVING INCREASE DURING JAN/JUNE WERE: FOOD PRICES, UP 27.6 PERCENT; PERSONAL SERVICES (WHICH INCLUDES GAS PRICES), UP 19.0 PERCENT; RENTS, UP 18.5 PERCENT; AND MEDICAL SERVICES, UP 18.1 PERCENT.

4. COMMENT: THE DROP IN THE RATE OF INFLATION IN JUNE CAME AS NO SURPRISE SINCE IT HAD BEEN ANTICIPATED IN PUBLIC COMMENTS BY FINANCE MINISTER SIMONSEN AND OTHER  
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GOVERNMENT OFFICIALS. WITH THE JUNE RESULTS, THE MONTHLY

RISE IN THE GUANABARA COST-OF-LIVING INDEX HAS SHOWN A SIGNIFICANT DOWNWARD MOVE FOR THE SECOND CONSECUTIVE MONTH, INDICATING THAT THE GOVERNMENT'S ANTI-INFLATIONARY PROGRAM (I.E., TIGHT CREDIT POLICY AND EFFECTIVE PRICE CONTROL MECHANISM) IS HAVING AN IMPACT. GOVERNMENT OFFICIALS ARE FORECASTING FURTHER DECREASES IN RATE OF INFLATION DURING THE SECOND HALF. WHILE NO OFFICIAL PROJECTIONS HAVE BEEN PUBLISHED, PRIVATELY GOVERNMENT OFFICIALS PREDICT THAT THE GUANABARA COST-OF-LIVING INDEX WILL SHOW AN INCREASE OF BETWEEN 30 AND 35 PERCENT IN 1974.

CRIMMINS

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** COST OF LIVING, INFLATION, RETAIL PRICE INDEXES, ECONOMIC ESTIMATES, PRICE TRENDS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 15 JUL 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GarlanWA  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974BRASIL05213  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D740189-0623  
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**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION ARA  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** BRASILIA 4349  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** GarlanWA  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 10 SEP 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <10 SEP 2002 by rowelle0>; APPROVED <25 MAR 2003 by GarlanWA>  
**Review Markings:**

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30 JUN 2005

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**Review Transfer Date:**  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** INFLATION IN JUNE CONTINUES DOWNWARD  
**TAGS:** EFIN, ECON, BR, GETULIO VARGAS FOUNDATION  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005